

Santa Fe County
Board Of County Commissioners
Fiscal Year 2015 Budget Preparation

Budget Study Session
April 8, 2014

FY 2015 Budget Calendar

2

- Statutorily an interim budget must be submitted to the Department of Finance and Administration (DFA) by June 1st. Therefore we will be requesting approval of the **FY 2015 Interim Budget** on May 27th.
- In order to begin processing financial transactions beginning July 1st, the final budget is “rolled” into the financial system and is submitted to DFA per statute for their approval. We will be requesting approval of the **FY 2015 Final Budget** by June 24th.

FISCAL YEAR 2015 BUDGET PREPARATION CALENDAR

SUN	MON	TUES	WED	THUR	FRI	SAT
Feb 23	24 BUDGET KICK-OFF IN BCC CHAMBERS 8:30 AM	25	26	27	28	Mar 1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21 BUDGET REQUESTS DUE TO FINANCE & PROJECT REQUESTS DUE TO PWD (JOSEPH G.)	22
23	24	25	26	27	28	29
30	31	Apr 1	2	3	4	5
6	7	8	9	10	11	12
13	14 BUDGET HEARINGS	15 BUDGET HEARINGS	16 BUDGET HEARINGS	17 BUDGET HEARINGS	18 GOOD FRIDAY	19
20 EASTER	21 BUDGET HEARINGS	22 BUDGET HEARINGS	23 BUDGET HEARINGS	24 BUDGET HEARINGS	25 BUDGET HEARINGS	26
27	28	29	30	May 1	2	3
4	5	6	7	8	9	10
11	12	13	14 PACKET MATERIAL DUE FOR INTERIM BUDGET	15	16	17
18	19	20	21	22	23	24
25	26 MEMORIAL DAY	27 BCC APPROVE INTERIM BUDGET	28	29	30	31
Jun 1	2	3	4	5	6	7
8	9	10	11 PACKET MATERIAL DUE FOR FINAL BUDGET	12	13	14
15	16	17	18	19	20	21
22	23	24 BCC APPROVE FINAL BUDGET	25	26	27	28

COLOR KEY: BCC Meetings BUDGET INFO WEEKEND BCC PACKET DUE

Performance Budgeting Transition

3

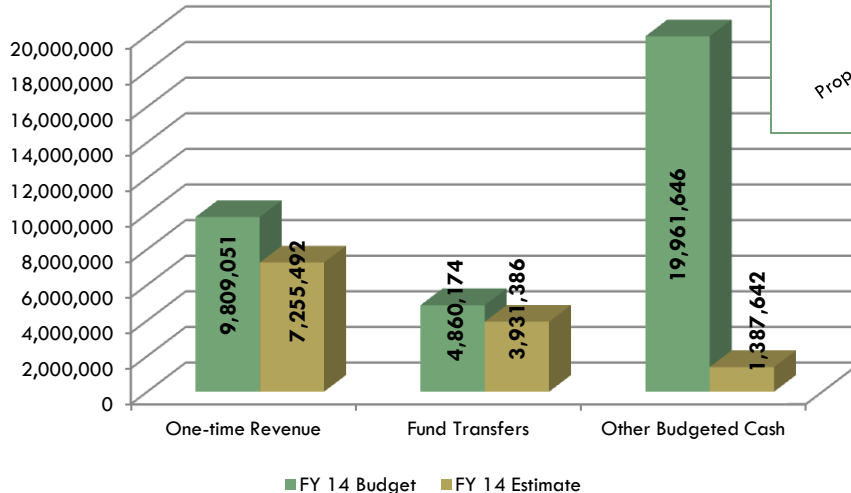
- The Board of County Commissioners passed Resolution 2011-24 which requires County departments transition to a results accountable performance based budget. This transition was optional for Elected Offices.
- The County Manager, Finance staff and other members of management attended training(s) on this methodology of budgeting and management.
- The FY 2013 budget was developed based on a “results-accountable” (performance budgeting) methodology as the first phase of transition. All Departments, the County Manager’s Office and one Elected Office (the Sheriff’s Office) submitted budget requests based on functional outcomes.
- Tracking and quarterly reporting of performance has been used to maintain results accountability throughout FY 2013 and FY 2014.
- The current phase of the transition entails the refining functions between divisions within each department. This interdivisional collaboration will foster the development of efficiencies and streamlining processes to provide better services.
- Finance will meet with each Department and Elected Office to review functions and financial needs the weeks of April 14th and 21st.

FY 2014 Revenue Estimate

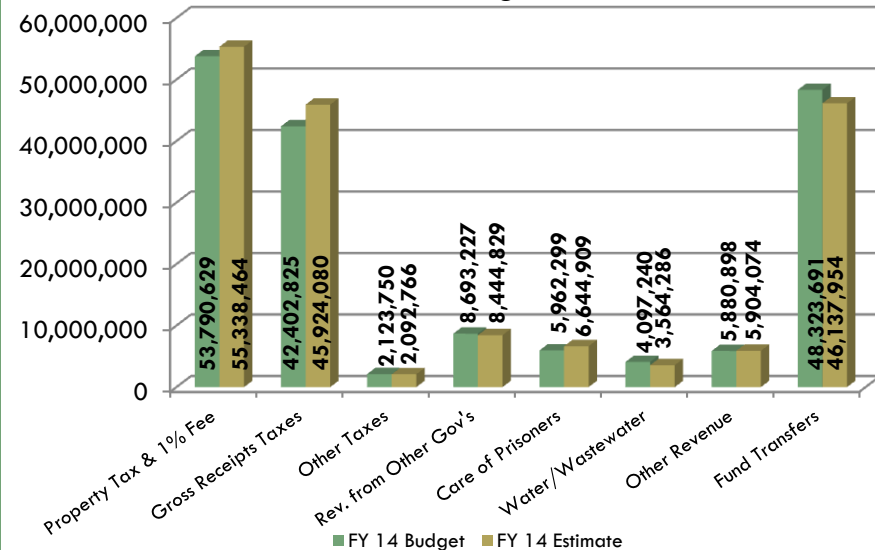
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FY 2014 estimated recurring revenue total \$177.1 million. Of that amount \$46.1 million are fund transfers which are said to be “double counted.” Excluding the transfers the total estimated recurring revenues are \$130.9 million across all funds.

FY 2014 Operating Revenue Budget vs. Estimate Comparison (Non-Recurring)



FY 2014 Revenue Budget vs. Estimate Comparison (Recurring)

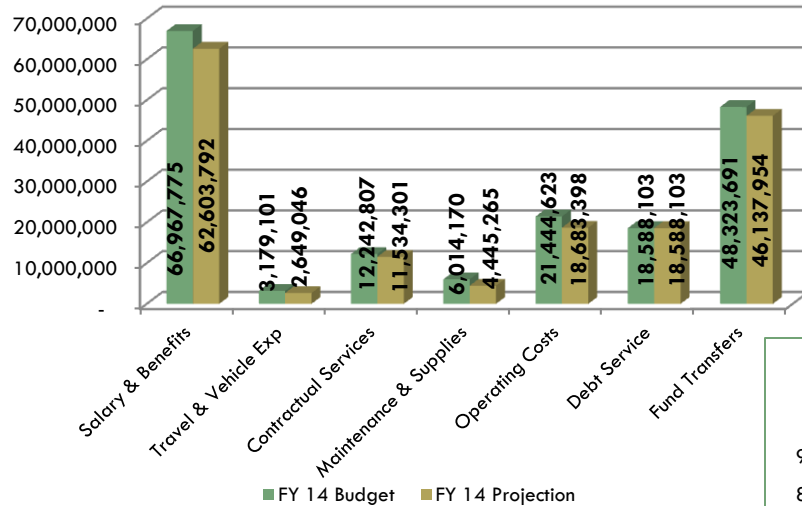


FY 2014 estimated non-recurring operating revenue totals \$12.6 million. Of that amount \$3.9 million are fund transfers which are said to be “double counted.” Excluding the transfers the total estimated non-recurring operating revenues are \$8.7 million across all funds.

FY 2014 Expense Estimate

5

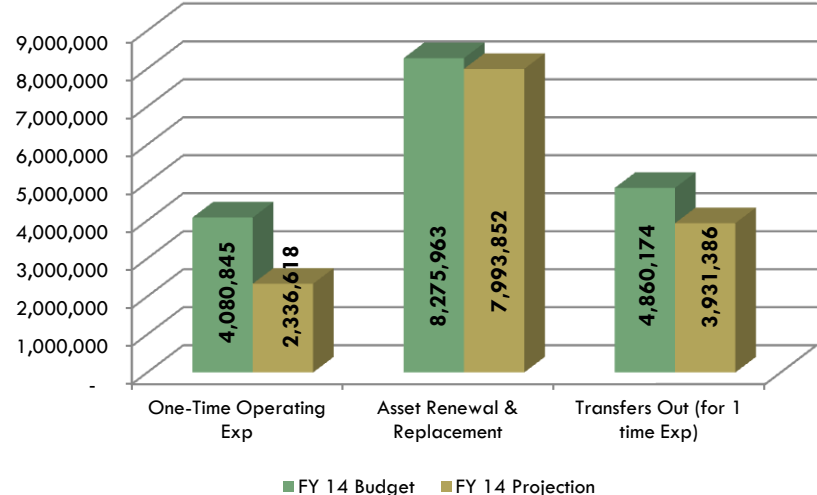
FY 14 Operating Expense Budget vs. Estimate Comparison (Recurring)



FY 2014 estimated recurring expenses total \$163.1 million. Of that amount \$46.1 million are fund transfers which are said to be “double counted.” Excluding the transfers the total estimated recurring expenses are \$117.0 million across all funds.

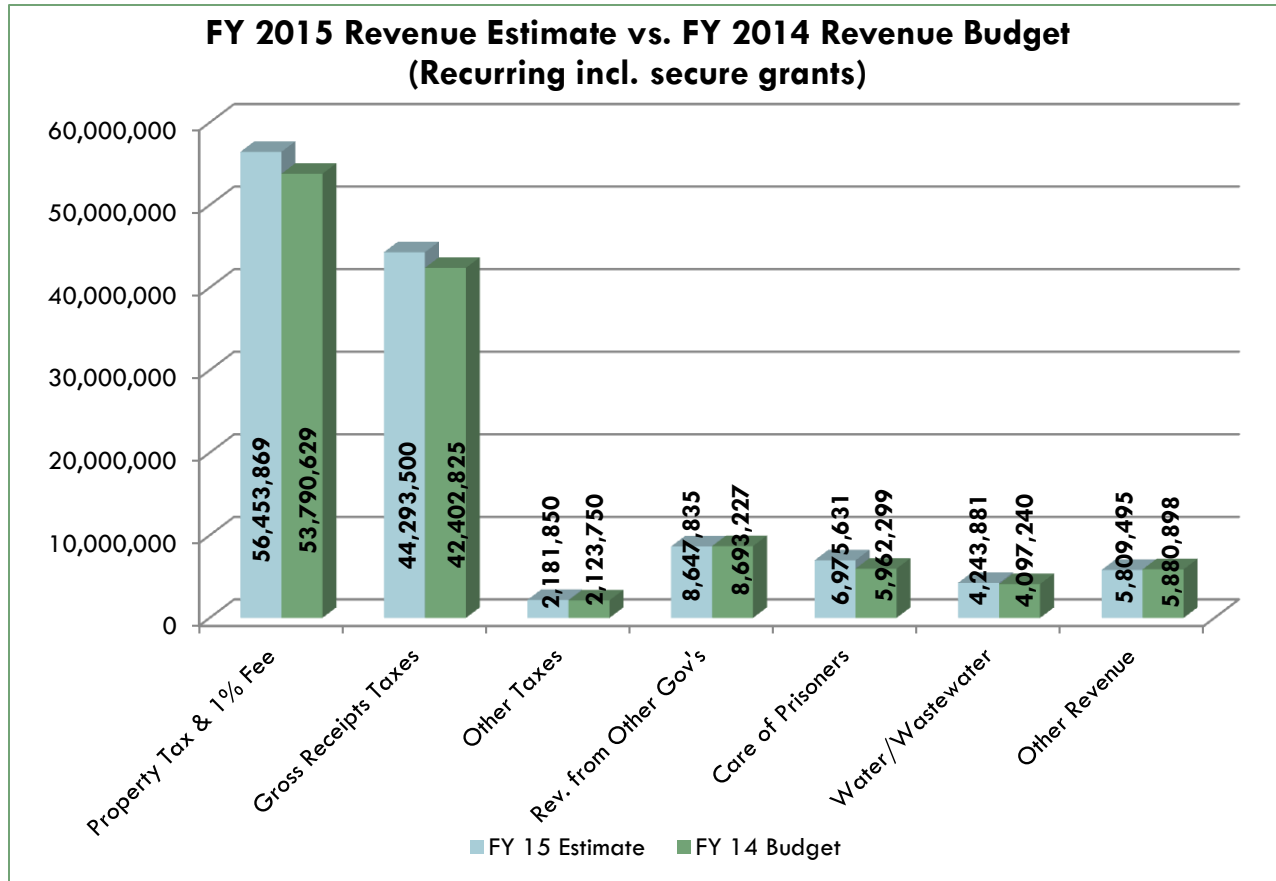
FY 2014 estimated non-recurring operating expenses total \$14.3 million. Of that amount \$3.9 million are fund transfers which are said to be “double counted.” Excluding the transfers the total estimated non-recurring operating expenses are \$10.3 million across all funds.

FY 2014 Operating Expense Budget vs. Estimate Comparison (Non-Recurring)



FY 2015 Recurring Revenue Estimate

6



FY 2015 Revenue Assumptions & Expense Requests

7

Revenue

- Property Tax revenue increased by \$1.3 million for current year collections.
- Gross Receipts Taxes increased by approximately 3% for both Countywide and unincorporated taxes.
- State shared taxes remain flat.
- Care of prisoners revenue increased by \$1.0 million or 17% based on actual contracts and trending population.
- Water/Wastewater charges increased by \$0.2 million or 3.5% based on estimated additional customers.
- Solid waste permit fees decreased by \$0.2 million or 36% based on recommended permitting changes.

Expense

- Departments were asked to maintain request as flat as possible while still funding their goals.
- Health insurance premiums will increase by 10% effective July 1, 2014.
- PERA contributions by the County will increase by 0.4% effective July 1, 2014.
- New FTEs were requested.
- \$8.6m for Asset Renewal and Replacement was requested.
- County will increase its contribution to health insurance for employees earning \$30K to \$50K from 70% to 75%. (Under \$30K will remain at 80% and greater than \$50K will remain at 63%.)
- Known negotiated compensation changes (Bargaining Units).

Bargaining Units

8

AFSCME

COLAs effective 1/1/15 as follows:

< \$30,000 receive 2%

= >\$30,001 receive 1%

Eligible for merit based increases at the discretion of the Department Director or Elected Official if the employee meets specified performance criteria as outlined in policy and budget exists for the proposed increase.

AFSCME-Corrections Medical Unit

Not yet negotiated. Employees have received COLAs comparable to non-union employees.

NM Coalition of Public Safety Officers Corrections

Contract currently being negotiated.

NM Coalition of Public Safety Officers RECC

Continue current pay scale which is a 1% increase each year for the life of the contract. Current language states that the increases are effective only until 6/28/14.

NM Coalition of Public Safety Officers Sheriff's Office

Continue current pay scale which includes a 1% increase each year on the employee's anniversary date for the life of the contract.

International Association of Firefighters

Continue with current pay scale which includes a 1% increase each year for the life of the contract.

FY 2015 Budget Priorities

9

- Maintain existing County assets (parks/open space, facilities, roads, vehicles, etc.)
- Economic development initiatives
- Energy efficiency and renewable energy initiatives
- Invest in employees
 - Reduce health insurance contributions for staff earning \$30K to \$50K
 - Provide education benefits
 - Recruiting and retention of public safety personnel
 - Improve the physical work environment
- Expand the Wildland Urban Interface Program
- Develop a long-term emergency operations preparedness plan
- Senior programs
- Youth programs
- Library programs
- Food policy and planning
- Continue funding for the Regional Coalition of LANL Communities
- Grow the Utility into a self-sufficient Utility service

Known Future Budget Concerns

10

A number of budget concerns exist for FY 2015 and beyond. Some of these are the result of Legislation passed by the State of New Mexico.

- Impact of Legislation passed by the State of New Mexico:
 - Phase out of hold harmless begins in July of 2015 (FY16) at rate of 6-7% per year for 15 years. This is estimated to represent a \$0.2m revenue loss in FY 2016. Planning for reductions in the various impacted funds is underway.
 - Payments to the Safety Net Care Pool in an amount equal to a gross receipts tax of 1/12 of a percent applied to **actual** taxable gross receipts reported in the prior fiscal year beginning in FY 2015. This is estimated to cost \$2.8m in FY 2015.
 - Uncertainty in the indigent healthcare program under the new system may create unanticipated expenses.
 - Increase to salaries for newly or re-elected officials. This is estimated to cost \$23K in FY2015, and \$47K in FY2016.
- Payment in Lieu of Taxes (PILT) was authorized for only one more year. This represents a loss of \$0.6m in revenue per year beginning in FY 2016.
- Health insurance premiums will increase by 10% in FY 2015 which is estimated to cost \$0.6m.
- County's share of PERA contributions will increase by 0.4% in FY 2015 which is estimated to cost \$0.1m.

Proposed Reserve Policy

11

The Finance Division will be bringing forward for approval an expanded policy for maintaining, committing, assigning and utilizing County fund balance/cash reserves.

Current Policy

- ❑ State mandated requirement of 25% reserve (three months) for general fund and 8.33% (one month) for the road maintenance fund.
- ❑ BCC policy of 8.33% reserve (one month) for each fund that sustains operations.

Proposed Policy

- ❑ Establishes a process for committing and assigning cash reserves and also canceling those actions.
- ❑ Establishes various contingencies within the cash reserves to be used under defined circumstances (e.g. uninsurable losses, infrastructure major repair & replacement, etc.)
- ❑ Establishes required levels of reserves to be maintained in different fund types (e.g. general fund, special revenue fund, enterprise fund, etc.)
- ❑ Complies with Government Accounting Standards Board guidance and Government Finance Officers Association best practices regarding fund balance/cash reserves.

Summary

12

- For FY 2015 Santa Fe County is estimating that there is growth in recurring revenue as well as growth in recurring expenses.
 - We will evaluate the existing budget compared to new demands and priorities. This will allow for possible reallocation of existing base budget to new areas of growth/priorities.
 - Finance will work with Departments/Offices through the budget hearing process to determine areas for possible reallocate.
- New growth in recurring expenses that we are counting on includes:
 - Increase to health insurance premiums - \$0.6 million
 - Increase to PERA contribution - \$0.1 million
 - Negotiated compensation changes - \$0.3 million + Corrections negotiated compensation currently unknown with negotiations underway.
- Other possible growth in recurring expenses includes:
 - COLAs for non-union employees comparable to AFSCME employees - \$0.2 million
 - Increasing employer contribution to health insurance for employees earning \$30,001-\$50,000 - \$0.2 million
- Budget requests were turned into Finance on March 21st, and have not yet been fully analyzed, however some new FTEs are being requested as well as requests to reclassify staff from term to classified.